

Senate Bill No. 1398

Passed the Senate August 30, 2006

Secretary of the Senate

Passed the Assembly August 28, 2006

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1398, Chesbro. Medi-Cal: managed care: reimbursement.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.

Existing law allows the Director of Health Services to contract with any qualified individual, organization, or entity to provide services to, or arrange for or case manage the care of, Medi-Cal beneficiaries.

Existing law requires certain Medi-Cal managed care plans to be licensed by the Department of Managed Health Care under the Knox-Keene Health Care Service Plan Act of 1975.

This bill would require the State Department of Health Services to annually provide, to the appropriate policy and fiscal committees of each house of the Legislature, specified information relating to the reimbursement rates for managed care plans under the Medi-Cal program authorized by the department, as a part of the May Revision of the annual Budget Act. The bill would prohibit the department from implementing or continuing a reimbursement rate for a Medi-Cal managed care plan, if the rate is below the rate determined by the actuarial methodology used for developing these rates, without consulting with the Department of Managed Health Care regarding the fiscal impact of the adjustments on the managed care plan.

The people of the State of California do enact as follows:

SECTION 1. (a) The State Department of Health Services shall provide, to the appropriate policy and fiscal committees of each house of the Legislature, the following information on an annual basis as part of the May Revision of the annual Budget Act, regarding all Medi-Cal managed care plans:

(1) The financial condition of each Medi-Cal managed care plan.

(2) Any adjustment to the reimbursement rates for Medi-Cal managed care plans that are proposed to be made in the future or have been made in the previous fiscal year that are not specifically included as part of the department's actuarially developed rate methodology.

(3) How the department developed the proposed or previously applied the adjustment identified pursuant to paragraph (2).

(4) How the department treated and analyzed a Medi-Cal managed care plan's financial reserves in determining reimbursement rates, including adjustments identified pursuant to paragraph (2).

(5) The average rate increases or decreases applied to the Medi-Cal managed care plans, independent of any adjustments identified pursuant to paragraph (2).

(b) The department shall not implement or continue a rate for a Medi-Cal managed care plan licensed under the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.5 (commencing with Section 1340) of Division 2 of the Health and Safety Code), if the rate is below the rate determined by the actuarial methodology, without first consulting with the Department of Managed Health Care regarding the fiscal impact of the proposed rate of each plan, including the plan's financial solvency and ability to comply with the provisions of the Knox-Keene Health Care Service Plan Act of 1975.

(c) With respect to the 2007–08 fiscal year, the department shall provide the information required by this section to the budget committees of the Legislature on or before January 10, 2007.

Approved _____, 2006

Governor